

The expenditure side of the revenue account anticipates an abnormal increase of Rs. 10'66 lakhs over the budget estimate of Rs. 108'96 lakhs. This large increase in expenditure has been necessitated mostly by the circumstances of the world situation. We had to embark on a comprehensive scheme of air raid protection, the possible evacuation of civil population, etc., which have cost us nearly Rs. 5 lakhs as may be seen from the revised estimate under "Miscellaneous" and which had not been anticipated at the time of the budget. Again, besides the usual contribution of Rs. 1,20,000 to H. E. the Viceroy's War Fund a sum of Rs. 1 lakh from the Revenue Reserve Fund is proposed to be paid for the H. M. I. S. Cochin Fund.

Corresponding to the large increase in Railway earnings the expenditure for the Railway maintenance is expected to mount up and exceed the budget estimate of Rs. 13'90 lakhs by Rs. 1'89 lakhs.

Large increases in expenditure are expected also under "Forest" and "Income-tax", the former due to the higher collection charges for the larger quantity of timber to be extracted for sale and the latter due to the increased provision for "Refunds" probable on account of the large increase expected under "Income-tax". It is a matter for congratulation that in spite of such unprecedented increase in expenditure even to the tune of Rs. 10'66 lakhs we are left with a safe surplus owing to corresponding increases in revenue and to the strict control exercised over expenditure.

Capital Outlay.—Two important schemes of Capital Outlay, which promise great benefit to the people, were undertaken during the year, *viz.*, the purchase of Pallivasal electric power and the Anamalais road work. The benefits resulting from both the undertakings have been explained at length in the Council on former occasions and it is not necessary for me to dilate on them here. Suffice it to say that in spite of the various handicaps which tie the hands of Government from undertaking Capital ventures they have striven their utmost to start them wherever they struck them as calculated to ameliorate the economic condition of the people at large.

The year is expected to close with a net surplus of Rs. 121 lakhs.

BUDGET ESTIMATE OF 1118

I now turn to the budget estimate of the new year which would thus start with a balance of Rs. 121 lakhs.

Before tiring the House with the narration of the figures in the budget I hope it will not be inappropriate if I make an endeavour to acquaint them with the main principles which have guided the Government in the preparation of their budget estimates.

First and foremost Government had concluded after much deliberation that the budget should be a "nation saving" budget wherein all the means made available to the Government by pooling their resources, augmenting their revenue and economising their expenditure should be directed to meet the pressing needs of the hour. The times are out of joint; the fate of nations hangs in the balance; danger threatens every country—small or large—and enemy strategy is likely to mark out the "Queen of the Arabian Sea" as their special objective. It is the part of wisdom therefore to take time by the forelock and be prepared for contingencies arising out of enemy action. The one striking feature that must occur to any one who even casually peruses the budget is therefore the provision made for air raid precautions and kindred civil defence measures.

Ample provision has been made for taking all possible air raid precaution measures at important places. We propose to spend in the current year nearly Rs. 2'5 lakhs for these precautionary measures and more than a lakh of rupees for the evacuation of civilian population to the chosen centres. For the coming year we have allotted about Rs. 2'5 lakhs for continuing these activities which are so essential for the protection of the public.

Besides ensuring such protection from possible air raids every effort is being made for the maintenance of perfect internal security. The need for maintaining internal security is, indeed, no less urgent considering that people are today more afraid of internal disorder following probable enemy raids than of the raids themselves. Demands have hence been made in the estimates of the current year and of the ensuing year for voluntary service of special guards and the strengthening of the Police and Military forces. It is estimated that these would cost about Rs. 1'27 lakhs in the current year and Rs. 1'8 lakhs next year.

The effect of war on our finances is also discernible in the provision made to meet increased expenditure on account of grain compensation or dearness allowance to all the employees on a pay of Rs. 25 or less as a result of the increase in the cost of living. The allowance which was originally fixed at Re. 1 has been raised to Rs. 2 from the last month and it

is estimated that this would cost more than Rs. 2 lakhs, including the allowance for the aided school staff.

Yet another effect of war, reflected in the budget, is the provision made for food production drive. With the loss of Burma, from which country we used to import a large quantity of rice, the problem of an adequate rice supply proportionate to the demands of the people, has been causing great anxiety to the Government. Active measures have now been taken to stimulate food production within the State. The levy of penal water cess for the use of the irrigation water for the crops raised in the Chittur Taluk has been temporarily given up and the occasional double crop assessment over which there has been constant representation in this House has been waived for the duration of the War. A special staff was entertained in the year to lease out all available lands to the ryots for cultivation of tapioca or any useful food grain and a sum of Rs. 30,000 has been estimated in the current year to be advanced towards such food production. Necessary provision has been made for the coming year also.

Purchase and storage of paddy and rice is another step taken by the Government to meet the food problem. Special officers have been appointed for the work and for the strict regulation of prices. Allotments to the extent of Rs. 8.5 lakhs for 1117 and Rs. 8 lakhs for the coming year have been provided for the purchase and sale of rice and paddy.

Again, by providing liberal grants under "Panchayats" to the extent of Rs. 1.70 lakhs for improvement of Irrigation, by the starting of the Chalakkudi Irrigation Scheme and Thottara Puncha Scheme, the Chalakkudi Anamalais Road, etc., it is hoped that large areas of arable lands could be brought under either fresh cultivation or double crop cultivation, and thus compensate the loss of Burma rice, besides providing employment for many.

I have now recounted the main measures which have been provided for in the budget as a result of the War. I shall now briefly refer to the steps, in so far as they affect our budget, which Government have taken to help the Paramount Power in the successful prosecution of the War.

It is a most gratifying feature that no true Cochinite ever entertains any illusion about Hitler's New World order or Nippon's Co-prosperity sphere and that all are most loyal to the Crown and the King Emperor—everybody trying to the utmost to help the Government to his or her best capacity.

We have organised a War Publicity department and started a National War Front organisation to make the people war minded, to explain to them the implications of enemy propaganda, and to improve the morale of the population. Appropriating Rs. 2.4 lakhs from the annual donation at the rate of Rs. 1.20 lakhs we have been making to His Excellency the Viceroy's War Fund, we have decided to meet the cost of a Trawler called "H.M.I.S. Cochin" (Rs. 7 lakhs) by public subscription and Government contribution. The public and the Government servants have willingly contributed in liberal measure to this fund, besides the old contribution made by them to the general War Fund more than a year back. Government have so far made investments in Defence loans to the extent of Rs. 12.5 lakhs. The question of further investments and of inducing their officers to purchase such bonds by starting a separate Provident Fund is under contemplation. Government have also done their utmost and come out very successful in the recruitment of Assam labour, for which a large amount was advanced towards initial purposes. Effective help is also being rendered in the organisation of Military Hospitals and Auxiliary Nursing Service, recruitment for the Army and Navy, and kindred measures. We have at the instance and cost of the Government of India started Technical Training Centres for Military purposes in six places and we are turning out technicians in large number who may, on the termination of the War, prove to be of great service in the fostering of post-war industrial development.

Finally, it is worthy of note that there is hardly a head of departmental activity which has not been touched by the War one way or other. In the Land Revenue Department an Assistant Diwan Peishkar has been appointed to cope with the increased work of the department and additional clerks are given for the extra work of Price Control, etc.; the Agricultural Department has five attender-clerks to assist the Inspectors in their food production activities; the "Panchayat" has a large provision for irrigation works with a view to the improvement of double-crop facilities, etc.; the Forest Department has been given a clerk and an attender to cope with the increased work on account of War Supplies; the Huzur Secretariat has been reinforced with a large staff for additional war correspondence; Audit department has got a War auditor to audit the Air Raid Precaution, etc., accounts; "Police" has been given a large temporary force; "Industries" has the Technical Training Scheme and also Rs. 1 lakh to aid industries for development of War supplies; and "Miscellaneous" comes last but the most important, with

the heavy provision under "Political" for War Publicity, National War Front, Air Raid Precaution, Defence Measures, Slit Trenches, etc.

The above narration may perhaps lead one to the misleading conclusion that the budget is a mere war-budget and that all nation-building activities have been stopped. As I have already pointed out, this is far from the truth. While straining every nerve to meet the war-situation to their fullest capacity, Government have also decided that their budget should be a "nation-building" budget as well. They are fully aware that it is essential that funds have to be built up for post-war reconstruction and hence they propose to augment their Revenue Reserve Fund by the transfer of Rs. 10 lakhs from the surplus of 1116. The irrigation activities of the Panchayats for which large grants are proposed and the Capital Schemes of irrigation and communication proposed by the Public Works Department are sure to increase the prosperity of the State in post-war years. "Education" gets a further allotment of Rs. 0.35 lakh more than the revised estimate of Rs. 20.14 lakhs. Larger provision is also made under "Medical" and "Ayurveda".

I shall now proceed to sketch in detail some of the important items that deserve notice in the budget estimates of 1118.

RECEIPTS

Compared with the revised estimate of receipts of the current year, *viz.*, Rs. 127.56 lakhs, the budget estimate anticipates a fall of Rs. 3.2 lakhs, while the expenditure is expected to exceed the revised estimate of Rs. 119.62 lakhs by Rs. 1.54 lakhs, with the result that the year is expected to close with a nominal surplus of only Rs. 3.20 lakhs.

The largest fall in receipts is that expected under Railway the estimate under which is fixed at Rs. 22 lakhs as against the revised estimate of Rs. 23.83 lakhs as a conservative and cautious estimate.

"Forests" comes next with an anticipated decline of Rs. 0.59 lakh from the revised estimate of Rs. 8.65 lakhs, since part of the increase in the revised estimate was due to the sale of trees uprooted by the cyclone of last year. Even then the sale of soft-wood is expected to give a large increase of revenue from "Forests".

The budget estimate under "Customs", fixed at Rs. 24.60 lakhs which is less than the revised estimate of the current year by Rs. 0.56 lakh, is based more or less on the realisations of 1941-42 at the Port.

Against these falls, we expect small increases under Land Revenue, Tobacco and Education, the reasons for which have been detailed in the Memorandum.

Income-tax is expected to keep up the same high return which the current year anticipates *viz.*, Rs. 13 lakhs.

DISBURSEMENTS

The demands of the several departments for the ensuing year have been carefully scrutinised both by the Government and your representatives in the Standing Finance Committee and the several grants have been fixed only after a full consideration of their actual requirements. As a measure of retrenchment, the scale of pay of the Joint Secretary to Government and of the Excise Commissioner has been or is proposed to be reduced from Rs. 450-600 to Rs. 350-500. All possible economy has been exercised in restricting the allotments for travelling allowance and contingent expenditure to the barest necessity. The building programme of the Public Works Department has been rigorously limited to the very essential requirements. Nevertheless, rural development has received special attention and the usual special contribution of Rs. 1 lakh has been raised to Rs. 2 lakhs of which Rs. 1.70 lakhs is reserved for the intensive improvement of irrigation works in all Village Panchayats, with a view to the development of agriculture. The balance of Rs. 0.30 lakh is proposed to be distributed for manure depots, rural libraries, sinking of wells, ayurveda and development of spinning.

The total thus provided for in the budget estimate for the next year is Rs. 121.16 lakhs, which is in excess of the revised estimate of the current year by Rs. 1.54 lakhs. I shall now proceed to deal with the more important items.

Most departments exhibit an increase owing to the provision for enhanced dearness allowance.

DEVELOPMENT AND NATION-BUILDING SERVICES

First of all I shall deal with the Development and Nation-building Services.